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January 24, 2006

RECEIVED

JAN 26 2006

DEPARTMENT OF  
WATER RESOURCES

State of Idaho, Department of Water Resources  
P.O. Box 83720  
Boise, Idaho 83720-0098

Attn: K.L.T.

Subject: Water Right 21-4061 Change of Ownership

As per our discussion this morning, I have enclosed a copy of the Quit Claim deed and attached "Exhibit A" from Clarence Sherwood dated September 27, 1996 and recorded at Fremont County on October 11, 1996 as instrument 443304.

This is the instrument by which Clarence Sherwood's claim to and all his rights on the property were conveyed to Verna R. Sherwood, a single person, Jeffrey S. Paine and Linda S. Paine, husband and wife and to whom water right 21-4061 is now to be transferred.

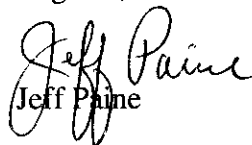
The legal description (Exhibit A to the Clarence Sherwood Quit Claim) is extremely difficult to interpret so we had Rick Byrem - PLS, survey the property and prepare a drawing that depicted the land that the description actually contains. A copy of that drawing is included to assist in your understanding.

The Quit Claim Deed transmitted with my letter of January 19 was the legal instrument used to divide the property into smaller parcels for subsequent resale. It established the discrete "Parcel D". This is the land for which this water right applies. It is located at the southeast corner of the large parcel of property shown on Mr. Byrem's drawing north of Highway 87. Parcel D is entirely contained within the NW 1/4 of the SE 1/4 of Section 33.

While the paper work is on file at Fremont County that clears the title of this "Parcel D" of the name Verna Sherwood, now deceased, it is not necessary to exclude her name from this rename as it is expected there will be a new owner with clean title in the near future for which a subsequent rename will be required.

I am hopeful that this additional documentation completes the information you need to finalize the rename. If more information is needed, please contact me at 425-868-1292.

Regards,

  
Jeff Paine